

## Message Text

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60

ORIGIN PM-07

INFO OCT-01 EA-11 ISO-00 SS-15 L-03 H-03 NSC-10 PRS-01

CIAE-00 INR-10 NSAE-00 RSC-01 DODE-00 OMB-01 IGA-02

TRSE-00 MC-02 USIA-15 EB-11 /093 R

DRAFTED BY DOD/DSAA/MR.OXMAN:PM/MAS/TCOONY:CT

9/4/73:X28139

APPROVED BY PM/PA - ALAN FORD

DOD/DSAA - ADM. PEET

DOD/ISA - MR. DOOLIN

EA/ROK - MR. NEWSOM

OMB - MR. SHAW

PM/MAS - MR. GREY

----- 003480

R 041923Z SEP 73

FM SECSTATE WASHDC

TO AMEMBASSY SEOUL

COMUSKOREA SEOUL

INFO CINCPAC HONOLULU HI

C O N F I D E N T I A L STATE 175402

E.O. 11652:GDS

TAGS: MASS, KS

SUBJ: FY 1974 CRA FUNDING

REFS: A. COMUS KOREA 200233Z AUG 73

B. CINCPAC 250246 AUG 73

C. SEOUL 5717/250515Z AUG 73

JOINT STATE/DEFENSE MESSAGE

1. IN VIEW OF THE CONTINUED UNCERTAINTY OVER TIMING AND LEVELS OF FY 74 MAP AND FMS CREDIT PROGRAMS WHICH ARE AWAITING FINAL CONGRESSIONAL ACTION, WE BELIEVE BEST SOLUTION TO O&M PROBLEM WOULD BE FOR ROK TO SIGN AN OPEN-END DD 1513 FOR 15 MILLION DOLLARS. WE ARE WILLING TO AUTHORIZE PAYMENT WITHIN 120 DAYS AFTER DELIVERY  
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OF NEW PROCUREMENT AS WELL AS DELIVERY FROM INVENTORY

STOCK ITEMS. THIS APPROACH TO O&M WOULD ALLOW THE REPAYMENT PERIOD TO SLIP OVER TO THE NEW ROK BUDGET FISCAL YEAR AND WOULD REDUCE THE LEADTIME RISK INVOLVED IN WAITING FOR THE OUTCOME OF CONGRESSIONAL AUTHORIZATION AND APPROPRIATION.

2. IF THE ROK DECLINES TO UNDERTAKE MORE THAN 5 MILLION DOLLARS O&M CASH PURCHASES AT THIS TIME, WE ARE STILL PREPARED TO AGREE TO PAYMENT WITHIN 120 DAYS OF DELIVERY. IN THIS CASE, NO COMMITMENT CAN BE MADE AT THIS TIME TO PROVIDE 10 MILLION DOLLARS FMS CREDIT FOR ADDITIONAL O&M REQUIREMENTS.

3. WE ARE CURRENTLY PLANNING TO PROVIDE THE FOLLOWING FMS CREDIT IN FY 1974, EVEN IF WE CONTINUE TO OPERATE UNDER CRA.

M16 RIFLE PROGRAM    3.0 (MILLION DOLLARS)

AMMO FACILITY        2.2

PATROL BOATS        5.0

PRC RADIO PROGRAM    .8

.....TOTAL        11.0

IF CONGRESS EVENTUALLY AUTHORIZES AND APPROPRIATES SUFFICIENT FMS CREDIT, WE WOULD BE WILLING, ON A ONE TIME BASIS REPEAT ONE TIME BASIS ONLY TO AUTHORIZE THE USE OF 10 MILLION DOLLARS CREDIT FOR O&M REQUIREMENTS TO BE REPAYED ANNUALLY OVER A FIVE YEAR PERIOD WITHOUT ANY GRACE PERIOD. HOWEVER, THE MAXIMUM FMS CREDIT WE CAN HOPE TO PROVIDE IN FY 1974 FOR KOREA WOULD STILL REMAIN 25 MILLION DOLLARS AND USING 10 MILLION DOLLARS FOR O&M, WOULD LEAVE ONLY 4 MILLION DOLLARS FOR THE AIM-9B/E RETROFIT PROGRAM AND FOR OTHER INVESTMENT ITEMS.

4. NO COMMITMENTS CAN BE MADE AT THIS TIME ON THE LEVEL OF MAP O&M SUPPORT. WE DO NOT CONSIDER THE 35 MILLION DOLLARS INVOLATE, ESPECIALLY IF 10 MILLION DOLLARS FMS CREDIT IS PROVIDED. RUSH

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## Message Attributes

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